

# **HONG LEONG BANK BERHAD**

## **BOARD CHARTER**

## **HONG LEONG BANK BERHAD (“the Bank”)**

The Board Charter sets out the mandate, responsibilities and procedures of the Board and Board Committees in accordance with principles of good governance set out in the policy documents and guidelines issued by Bank Negara Malaysia and other relevant regulatory authorities.

The Board shall periodically review and update the Board Charter in tandem with any changes to regulatory requirements.

### **1. Introduction**

- 1.1 The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Bank.
- 1.2 The Board elects a Chairman whose primary responsibility is the effective overall functioning of the Board.
- 1.3 The Board appoints a Chief Executive Officer (“CEO”) who is responsible for the business and day-to-day management of the Bank.

### **2. Terms of Reference (“TOR”) of the Board**

The main responsibilities of the Board are to:

- 2.1 review from time to time and approve the Bank’s corporate mission, statement and broad strategies, risk appetite, business plans and other initiatives which would have a material impact on the Bank’s risk profile including financial soundness, reputation and key operational controls and ensure that there is an appropriate risk management framework and appropriate systems to manage these risks;
- 2.2 approve the internal capital target, Internal Capital Adequacy Assessment Process (“ICAAP”) and Capital Management framework;
- 2.3 ensure that senior management discharges its responsibilities for the development and effective implementation of ICAAP;
- 2.4 review and approve specific investments and divestments ;
- 2.5 review and approve material transactions before implementation;
- 2.6 ensure that the Bank has adequate management resources to achieve its objectives and to support the CEO and that a satisfactory plan for succession management is in place;
- 2.7 ensure that the Bank has in place procedures to enable effective communication with stakeholders;
- 2.8 promote timely and effective communication between the Bank and Bank Negara Malaysia on matters affecting or that may affect the safety and soundness of the Bank;

## **2. Terms of Reference (“TOR”) of the Board**

- 2.9 oversee and review the adequacy and integrity of the Bank’s governance framework, internal control framework and management information framework, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- 2.10 promote, together with senior management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour in the conduct of business;
- 2.11 promote sustainability through appropriate environmental, social and governance considerations in the Bank’s business strategies;
- 2.12 ensure the integrity of the Bank’s financial and non-financial reporting;
- 2.13 establish and regularly review succession plans for the Board to promote board renewal and address any vacancies;
- 2.14 establish and operate an appropriate governance structure of the group and its entities
- 2.15 oversee the selection, performance, remuneration and succession plans of the CEO, control function heads, material risk takers and other members of senior management. The Board may delegate matters relating to appointments and assessment of senior management, control function heads and, material risk takers to Board Committees and/or GMD/CEO as the Board deems fit.
- 2.16 approve and review periodically the remuneration policy of the Bank.

The remuneration for each director, senior management and material risk takers must be approved by the Board annually.

## **3. Responsibilities of the Chairman**

The Chairman is responsible to lead and coordinate the activities of the Board and has the following specific responsibilities:

- 3.1 to conduct meetings of the Board and of shareholders;
- 3.2 to schedule Board meetings in a manner that enables the Board and its Committees to perform their duties effectively ;
- 3.3 to prepare, in consultation with the CEO, other directors and Committee chairmen the agendas for the Board and Committee meetings;
- 3.4 to ensure all strategic and critical issues are considered by the Board and that directors receive the relevant information on a timely basis;
- 3.5 to encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed;

#### **4. Responsibilities of the CEO**

The CEO is the senior executive of the Bank and is responsible for:

- 4.1 formulating the vision for the Bank and recommending policy and the strategic direction of the Bank for approval by the Board;
- 4.2 providing management of the day to day operations of the Bank;
- 4.3 acting as the spokesman of the Bank;
- 4.4 implementing the business and risk strategies, remuneration and other policies in accordance with the direction given by the Board;
- 4.5 establishing a management structure that promotes accountability and transparency throughout the Bank's operations, and preserves the effectiveness and independence of control functions;
- 4.6 promoting, together with the Board, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour in the conduct of business;
- 4.7 addressing actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner; and
- 4.8 regularly updating the Board with the material information the Board needs to carry out its oversight responsibilities, particularly on matters relating to—
  - (i) the performance, financial condition and operating environment of the Bank;
  - (ii) internal control failures, including breaches of risk limits; and
  - (iii) legal and regulatory obligations, including supervisory concerns and the remedial actions taken to address them.

#### **5. Board Committees**

The Board has established the following Board Committees whose compositions, functions, responsibilities and authority delegated by the Board are set out in the respective Board Committees' terms of reference per Appendix A:

- Board Audit Committee
- Board Risk Management Committee
- Nomination Committee
- Remuneration Committee
- Board Information and Technology Committee

Board Committees shall report, update and keep the Board informed on the significant issues, key deliberations, recommendations and decisions on delegated matters.

## **6. Matters Reserved & Delegated by the Board**

The responsibilities and procedures of the Board and the Board Committees are set out in their respective Terms of Reference.

Matters reserved for the Board's decision include the following:

- 6.1 business direction and key strategies;
- 6.2 new or changes to the Strategic Business Plans;
- 6.3 mergers and acquisitions;
- 6.4 expansion/entry into new markets and regions;
- 6.5 corporate restructuring/reorganisation;
- 6.6 set-up of new subsidiaries; joint venture partnerships;
- 6.7 new investments/acquisitions/disposals of significant assets; and
- 6.8 any other matters deemed necessary by the Board

The Board may delegate authority on any of the above matters to the Board Committees, CEO, management committees or senior management as it deems fit.

## **7. Proceedings of Directors**

- 7.1 The proceedings of Directors, where applicable, shall be governed by the provisions of the Constitution of the Bank and the relevant laws and regulations regulating the proceedings of Directors.
- 7.2 A Director must attend at least 75% of the board meetings held in each financial year, and must not appoint another person to attend or participate in a board meeting on his behalf.
- 7.3 Attendance at a board meeting, by way other than physical presence, shall remain the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations.
- 7.4 At least half of the number of the Board members shall form a quorum.
- 7.5 A director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the board meeting where the material transaction or material arrangement is being deliberated by the Board.

## **8. Conflict of Interest**

The Bank has established a Directors' Conflict of Interest Policy.

## **9. Director's External Commitments**

Directors shall devote sufficient time to carry out their responsibilities. All Directors are expected to commit time as and when required to discharge his/her duties and responsibilities, besides attending meetings of the Board and Board Committees.

Directors shall notify the Board Chairman before accepting any new directorships.

A Director of the Bank shall not hold more than five directorships in public listed companies.



# **HONG LEONG BANK BERHAD**

## **BOARD AUDIT COMMITTEE TERMS OF REFERENCE**

## CONSTITUTION

The BAC of HLB has been established since 18 August 1994 and was re-designated as the Board Audit & Risk Management Committee (BARMC) on 10 January 2002. Subsequently, on 2 October 2006, the Board decided to reconstitute the BAC separately from the Board Risk Management Committee (BRMC).

The BAC is established to provide independent oversight over internal and external audit functions, internal controls and ensuring checks and balances within the Bank. The BAC shall support the Board in discharging the following responsibilities:

1. Oversee management's implementation of the Bank's governance framework and internal control framework/policies.
2. Ensure management has a reliable and transparent financial reporting process within the Bank by providing independent oversight of internal and external audit functions.

## COMPOSITION

The BAC shall:

- (a) have at least three directors;
- (b) comprise only non-executive directors, with a majority of them being independent directors;
- (c) be chaired by an independent director who is not the Chairman of the Board;
- (d) comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the BAC;
- (e) include the Chair of the Board Risk Management Committee; and
- (f) not have a former audit partner appointed to the Committee unless a cooling-off period of at least 3 years has been observed.

## SECRETARY

The Secretary(ies) to the BAC are the Company Secretary(ies) of the Bank.

## **TERMS OF REFERENCE**

### **External Audit**

1. To make recommendations to the Board on the appointment, removal and remuneration of the external auditor.
2. To review the terms of engagement and the audit plan prior to engaging the external auditor and/or re-appointment of the external auditor.
3. To monitor and assess the independence of the external auditor, including the approval of non-audit services by the external auditor.
4. To review the assistance given by the officers of the Group to the external auditor.
5. To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the BAC on significant matters.
6. To review the report of the external auditor, including any significant matters, and to ensure that management has taken the necessary corrective actions in a timely manner to address the external audit findings and recommendations.
7. To review third-party opinions on the design and effectiveness of the Group's internal control framework.

### **Financial Reporting**

1. To review the accuracy and adequacy of the chairman's statement (if any) in the directors' report, corporate governance disclosures, interim financial reports, preliminary announcements in relation to the preparation of financial statements and annual financial statements.
2. To be informed on updates relating to the Bank's tax affairs, management of tax compliance risks and on tax matters that may have a material impact to the Bank/ Group.

### **Related Party Transactions**

1. To review and update the Board on any related party transactions that may arise within the Group.
2. To monitor compliance with the Board's conflict of interest policy.



**Related Party Transactions (cont'd)**

3. To review and recommend for Board approval, any credit transactions and exposure with connected parties.

**Whistleblowing**

The BAC oversees the implementation and effectiveness of the Bank's Whistleblowing Policy and exercises and carries out the responsibilities as set out under the Whistleblowing Policy.

**Internal Audit**

1. To review and approve the adequacy of the Internal Audit scope, procedures, frequency and plan, and assess the performance and effectiveness of the internal audit function, including its capacity to perform audits in highly technical areas, such as in information technology related audits.
2. To review the adequacy and effectiveness of internal controls and risk management processes.
3. To review reports and significant findings by Internal Audit Division, including any findings of internal investigations, and to ensure that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the Internal Audit and other control functions.
4. To review reports and findings issued by regulatory authorities, and to check that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the regulatory authorities.
5. To support the Board in meeting the expectations on Internal Audit management as set out in BNM's Guidelines on Internal Audit Function of Licensed Institutions.
6. To decide on the appointment, remuneration, appraisal, transfer and dismissal of the CIA, and to provide oversight on the adequacy of resources and remuneration of the Internal Auditors. This includes a regular review to determine whether the Internal Audit function has appropriate standing not only within the Bank but also within the Group to undertake its activities independently and objectively.

**Internal Audit (cont'd)**

7. To engage privately with the CIA on a regular basis (and in any case at least twice annually) to provide the opportunity for the CIA to discuss issues faced by the Internal Audit function.
8. To review the Audit Charter and recommend for Board approval.
9. To review any significant disagreements between the CIA and any member(s) of the Senior Management team where such disagreements may have adverse impact on the audit process or findings, and to recommend resolutions of such disagreements if they remain unresolved within a reasonable period of time.
10. To ensure that GIA has an appropriate internal policy that addresses situations of bias/threat to objectivity, for example, where an internal employee transfer to GIA Unit will not be allowed to audit an area of operations which the auditor previously worked in, for a period of at least 12 months from joining GIA.
11. To satisfy itself that the Internal Audit function is effective by establishing a mechanism to assess its performance and effectiveness.
12. To ensure that the terms and scope of the engagement, the working arrangements with the Internal Auditors and reporting requirements are clearly established when engaging external experts, where the Internal Audit function lacks the expertise needed to perform the audit of specialized areas.
13. Other audit functions as may be agreed to by the BAC and the Board.

**Group Governance**

1. Noted that:
  - (a) HLFG as an apex entity has overall responsibility for ensuring the establishment and operation of a clear governance structure within the Group.
  - (b) The Board's responsibility is to promote the adoption of sound corporate governance principles throughout the Group.
  - (c) HLFG's audit, risk and compliance functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation Group-wide.

- (d) The respective subsidiaries' board of directors and senior management must validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific risks are adequately addressed in the implementation of Group-wide policies.
2. The BAC shall validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the Bank and to check that the entity specific risks are adequately addressed in the implementation of Group-wide policies.

## **AUTHORITY**

The BAC is authorised by the Board to:

1. review any activity of the Group within its Terms of Reference;
2. seek any information it requires from any Director or member of Senior Management and in this respect, all employees are directed to co-operate with any request made by the BAC, including but not limited to providing the BAC with sufficient support and resources required to investigate any matter within the mandates of the BAC; and
3. obtain independent legal or other professional advice if it considers necessary.

The Board remains fully accountable for any authority delegated to the BAC.

## **MEETINGS**

The BAC meets at least eight (8) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The Group Managing Director/Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, CIA, Chief Compliance Officer, other Senior Management, employees and external auditors may be invited to attend the BAC meetings, whenever required.

At least twice a year, the BAC will have separate sessions with the External Auditors without the presence of Executive Directors and Management.

The BAC and BRMC must meet periodically to ensure effective exchange of information so as to enable effective coverage of all risks, including emerging risk issues that could have an impact on the institution's risk appetite and business plans.

Issues raised, discussions, deliberations, decisions and conclusions made at the BAC meetings are recorded in the minutes of the BAC meetings. A BAC member who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the BAC meeting where the material transaction or material arrangement is being deliberated by the BAC.

Two (2) members of the BAC, who shall be independent, shall constitute a quorum and majority of the members present must be independent director. No business shall be transacted at any BAC meeting unless a quorum is present at the commencement of the meeting and when conducting the business of the meeting.

After each meeting, the BAC shall report and update the Board on significant issues and concerns discussed during the BAC meetings and where appropriate, make the necessary recommendations to the Board.

## REVISION OF THE TERMS OF REFERENCE

Any revision or amendment to the Terms of Reference, as proposed by the BAC, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference which shall be considered duly revised or amended.

### Definitions

"BAC"	means HLB's Board Audit Committee
"Bank" or "HLB"	means Hong Leong Bank Berhad
"BNM"	means Bank Negara Malaysia
"Board"	means HLB's Board of Directors
"BRMC"	means Board Risk Management Committee
"CIA"	means the Chief Internal Auditor of HLB
"Group"	means HLB and its subsidiaries
"GIA"	means Group Internal Audit
"HLFG"	means Hong Leong Financial Group Berhad

# **HONG LEONG BANK BERHAD**

## **BOARD RISK MANAGEMENT COMMITTEE (BRMC) TERMS OF REFERENCE**

## CONSTITUTION

The Board Risk Management Committee (“BRMC”) is established to support the Board in discharging the following responsibilities:

1. Oversee Management’s implementation of the Bank’s governance framework and internal control framework/policies.
2. Ensure Management meets the expectations on risk management as set out in the policy document on Risk Governance.
3. Oversee Management’s implementation of compliance risk management.
4. Promote the adoption of sound corporate governance principles as set out in the Policy Document on Corporate Governance within the Bank and its subsidiaries (collectively known as “the Bank”).

## COMPOSITION

The BRMC shall:

- (a) have at least three directors;
- (b) comprise only non-executive directors, with a majority of them being independent directors;
- (c) be chaired by an independent director who is not the Chairman of the Board;
- (d) comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the board committee; and
- (e) include the Chair of the Board Audit Committee.

## SECRETARY

The Secretariat to the BRMC is the Group Risk Management (“GRM”) of the Bank.

## TERMS OF REFERENCE

### Risk Management

1. To review Management's activities in managing principal risks such as (but are not limited to) capital adequacy, credit risk, market risk, liquidity risk, interest rate risk in the banking book, operational risk, compliance risk, and environmental, social and governance (ESG) risk.
2. To review Management's reporting to the Board on measures taken to:
  - a) Identify and examine principal risks faced by the Company.
  - b) Implement appropriate systems and internal controls to manage these risks.
3. To review Management's major risk management strategies, policies and risk tolerance for Board's approval.
4. To review Management's overall framework on the Internal Capital Adequacy Assessment Process ("ICAAP"), annual risk appetite and Capital Management Plan for Board's approval.
5. To review Management's development and effective implementation of the ICAAP.
6. To review Management's stress testing governance including the evaluation of the capital stress test scenarios, parameters, key assumptions and results.
7. To review Management's periodic reports on risk appetite, risk exposure, risk portfolio composition, stress testing and risk management activities.
8. To review the adequacy and effectiveness of Management's internal controls and risk management process.
9. To review the adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
10. To review risk management function's infrastructure, resources and systems and to ensure the staff responsible for implementing risk management systems perform those duties independently of the Bank's risk-taking activities.
11. To receive and review reports from pertinent management committees.
12. To review Management's implementation of risk management as set out in BNM's policy documents on Risk Governance, Approaches to Regulating and Supervising Financial Group and Corporate Governance.
13. To review and advise on the appointment, remuneration, removal and redeployment of the Chief Risk Officer.

14. To engage privately with the Chief Risk Officer on a regular basis (and in any case at least twice annually) to provide opportunity for the Chief Risk Officer to discuss issues faced by the risk management function.
15. Other risk management functions as may be agreed to by the Board.

### **Compliance**

1. To assist the Board in the oversight of the management of compliance risk by:
  - a) reviewing compliance policies and overseeing management's implementation of the same;
  - b) reviewing the establishment of the compliance function and the position of the Chief Compliance Officer to ensure the compliance function and Chief Compliance Officer has appropriate standing, authority and independence;
  - c) discussing and deliberating compliance issues regularly and ensuring such issues are resolved effectively and expeditiously;
  - d) reviewing annually the effectiveness of the Company's overall management of compliance risk, having regard to the assessments of Senior Management and internal audit and interactions with the Chief Compliance Officer;
  - e) overseeing the Management's implementation of the principles set out in the Policy Document on Fair Treatment of Financial Consumers, including to promote the adoption of a sound corporate culture within the Bank which reinforces ethical, prudent and professional conduct and behaviour; and
  - f) updating the Board on all compliance matters, including providing its views on (a) to (e) above.
2. In relation to the role of the Chief Compliance Officer, support the Board in meeting the expectations on compliance management as set out in BNM's policy document on Compliance by:
  - a) reviewing and advising on the appointment, remuneration, removal and redeployment of the Chief Compliance Officer;
  - b) ensuring that the Chief Compliance Officer has sufficient stature to allow for effective engagement with the CEO and other members of Senior Management;
  - c) engaging privately with the Chief Compliance Officer on a regular basis (and in any case at least twice annually) to provide the opportunity for the Chief Compliance Officer to discuss issues faced by the compliance function;
  - d) ensuring that the Chief Compliance Officer is supported with sufficient resources to perform duties effectively; and



- e) where the Chief Compliance Officer also carries out responsibilities in respect of other control functions, the BRMC shall be satisfied that a sound overall control environment will not be compromised by the combination of responsibilities performed by the Chief Compliance Officer.
3. Other compliance functions as may be agreed to by the Board.

### **Governance**

1. Noted that:
  - (a) The Bank, as a company with licensed subsidiary companies has overall responsibility for ensuring the establishment and operation of a clear governance structure within its subsidiaries.
  - (b) The Board's responsibility is to promote the adoption of sound corporate governance principles throughout the Bank.
  - (c) The Bank's risk and compliance functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation within the Bank.
  - (d) The respective subsidiaries' board of directors and Senior Management must validate that the objectives, strategies, plans, governance framework and policies set at the Bank level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific risks are adequately addressed in the implementation of Bank policies.

### **AUTHORITY**

The BRMC is authorised by the Board to:

1. review any activities of the Bank within its terms of reference;
2. seek any information it requires from any Director or member of Senior Management and in this respect, all employees are directed to co-operate with any request made by the BRMC, including but not limited to providing the BRMC with sufficient support and resources to investigate any matter within the mandates of the BRMC; and
3. obtain independent legal or other professional advice if it considers necessary.

The Board remains fully accountable for any authority delegated to the BRMC.

## **MEETINGS**

The BRMC meets at least eight (8) times a year and additional meetings may be called at any time as and when necessary.

The Group Managing Director/Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Internal Audit, Chief Compliance Officer, other Senior Management, employees and external auditors may be invited to attend the BRMC meetings, whenever required.

Issues raised, discussions, deliberations, decisions and conclusions made at the BRMC meetings are recorded in the minutes of the BRMC meetings. A BRMC member who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the BRMC meeting where the material transaction or material arrangement is being deliberated by the BRMC.

Two (2) members of the BRMC, who shall be independent and non-executive, shall constitute a quorum. No business shall be transacted at any BRMC meeting unless a quorum is present at the commencement of the meeting and when conducting the business of the meeting.

After each BRMC meeting, the BRMC shall report and update the Board on significant issues and concerns discussed during the BRMC meetings and where appropriate, make the necessary recommendations to the Board.

## **REVISION OF THE TERMS OF REFERENCE**

Any revision or amendment to the Terms of Reference, as proposed by the BRMC, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference which shall be considered duly revised or amended.

# **HONG LEONG BANK BERHAD**

## **NOMINATION COMMITTEE TERMS OF REFERENCE**

## **1. COMPOSITION**

- 1.1 The Nomination Committee (“NC”) shall have a minimum of three members (“the Members”) who shall be appointed by the Board of Directors (“Board”) out of their own number, provided that the majority comprise of independent Directors.
- 1.2 A Member who wishes to retire or resign from the NC should provide sufficient notice to the Company so that a replacement may be appointed. In the event that any Member ceases to be a Director of the Company, he shall automatically cease to be a Member of the NC.
- 1.3 In the event that the number of Members is reduced below three the Board shall appoint such new Members as may be required as soon as practicable provided that the composition of the NC shall meet the criteria set out in Clause 1.1 above.

## **2. CHAIRMAN**

- 2.1 The Members shall elect out of their own number a Chairman from the NC who is an independent Director of the Company.
- 2.2 The Chairman of the NC shall preside as Chairman at every meeting save that if at any meeting, the Chairman is not present and there is a quorum, the Members present shall elect a Chairman who is an independent Director.

The Chairman of the Board must not chair any meeting of the NC.

## **3. SECRETARY**

The Secretaries of the Company or such other person as nominated by the Board will be the Secretary of the NC.

## **4. RESPONSIBILITIES**

The NC’s responsibilities are as follows:

- 4.1 Support the Board in carrying out its functions in the following matters concerning the board, senior management and company secretary:
  - (a) appointments and removals;
  - (b) composition;
  - (c) performance evaluation and development; and
  - (d) fit and proper assessments.
- 4.2 Recommend to the Board the minimum criteria and skill sets for appointments to the Board, Board committees and for the position of Chief Executive Officer.
- 4.3 Review and recommend to the Board all Board appointments, re-appointments and removals including of the Chief Executive Officer.

- 4.4 Review annually the overall composition of the Board in terms of the appropriate size and skills, the balance between executive directors, non-executive and independent directors, and mix of skills and other core competencies required.
- 4.5 Assess annually the performance and effectiveness of the Board, Board Committees and each individual director.
- 4.6 Review annually the term of office and performance of the Board Audit Committee (“BAC”) and each of its members to determine whether the BAC and its members have carried out their duties in accordance with the Terms of Reference of the BAC.
- 4.7 Oversee the appointment and management of succession planning and performance evaluation of key senior management officers and recommend their removal if they are found ineffective, errant and negligent in discharging their responsibilities.
- 4.8 Ensure that the Board receives an appropriate continuous training programme.

## **5 MEETINGS**

### **5.1 Convening of Meetings**

- a. The NC shall hold at least one meeting (which may include meetings conducted via telephonic and video conference) in each financial year to be convened by the Secretary to the NC.
- b. Upon the request of any Member, the Chairman shall convene a meeting of the NC to consider any matters which the Member believe should be brought to the attention of the NC.

### **5.2 Notice of Meetings**

- a. The notice and agenda for each meeting shall be circulated to all Members specifying the date, time and venue of the meeting and setting out the matters to be discussed.
- b. The NC may invite such other persons as they deem necessary to the meetings.

### **5.3 Recording of Proceeding**

- a. The Members shall cause minutes to be made of all proceedings and decisions taken at NC meetings, and of the attendances thereat.
- b. A copy of the minutes of each meeting shall be circulated to every member of the Board.
- c. The minutes are to be signed by the Chairman at the next succeeding meeting. Any minutes signed by the Chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts stated therein.

- d. The minutes of the NC shall be kept by the Secretary to the NC at the registered office of the Company and shall be opened to inspection of the Board at any time.

#### **5.4 Quorum**

At least half of the number of the NC Members shall form a quorum.

#### **5.5 Decisions**

- a. Any decision to be taken by the NC or questions arising at any meeting shall be determined by a majority of votes of the Members present and in the case of an equality of votes, the Chairman shall have a second or casting vote.
- b. A member of the NC shall abstain from participating in discussions and decisions on matters involving himself/herself.
- c. A NC member, who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the NC meeting where the material transaction or material arrangement is being deliberated by the NC.

### **6. CIRCULAR RESOLUTIONS**

- 6.1 A resolution in writing signed by a majority of Members shall be as valid and effectual as if it had been passed at a meeting of the NC duly convened and held. Any such resolution may be contained in a single document or may consist of several documents in like form, each signed by one or more Members.
- 6.2 For the purpose of this provision, “in writing” and “signed” include approval by facsimile and other electronic means.

### **7. OTHERS**

The NC may regulate and amend the provisions relating to its own procedures in particular the calling of the meetings; notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

# **HONG LEONG BANK BERHAD**

## **REMUNERATION COMMITTEE TERMS OF REFERENCE**

## **1. COMPOSITION**

- 1.1 The Remuneration Committee (“RC”) shall have a minimum of three members (the Members”) who shall be appointed by the Board of Directors (“Board”) out of their own number, all of whom including the Chairman, shall be non-executive and shall comprise a majority of independent Directors.
- 1.2 A Member who wishes to retire or resign from the RC should provide sufficient notice to the Bank so that a replacement may be appointed. In the event that any Member ceases to be a Director of the Bank, he shall automatically cease to be a Member of the RC.
- 1.3 In the event that the number of Members is reduced below three, the Board shall appoint such new Members as may be required as soon as practicable provided that the composition of the RC shall meet the criteria set out in Clause 1.1 above.

## **2. CHAIRMAN**

- 2.1 The Members shall elect out of their own number a Chairman from the RC who is an independent Director of the Bank.
- 2.2 The Chairman of the RC shall preside as Chairman at every meeting save that if at any meeting, the Chairman is not present and there is a quorum, the Members present shall elect a Chairman who is an independent Director.

## **3. SECRETARY**

The Secretary of the Bank or such other person as nominated by the Board will be the Secretary of the RC.

## **4. RESPONSIBILITIES**

The RC’s responsibilities are as follows:

- 4.1 Recommend to the Board the framework and policies governing the remuneration of the:
  - Directors;
  - Chief Executive Officer;
  - Senior management officers; and
  - Other material risk takers
- 4.2 Review and recommend to the Board for approval the specific remuneration packages of executive directors and the Chief Executive Officer.
- 4.3 Review and recommend to the Board for approval the remuneration of senior management officers and other material risk takers.
- 4.4 Other remuneration matters as may be agreed by the Board.



## 5 MEETINGS

### 5.1 Convening of Meetings

- a. The RC shall hold at least one meeting (which may include meetings conducted via telephonic and video conference) in each financial year to be convened by the Secretary to the RC.
- b. Upon the request of any Member, the Chairman shall convene a meeting of the RC to consider any matters which the Member believe should be brought to the attention of the RC.

### 5.2 Notice of Meetings

- a. The notice and agenda for each meeting shall be circulated to all Members specifying the date, time and venue of the meeting and setting out the mailers to be discussed.
- b. The RC may invite such other persons as they deem necessary to the meetings.

### 5.3 Recording of Proceedings

- a. The Members shall cause minutes to be made of all proceedings and decisions taken at RC meetings and of the attendances thereat.
- b. A copy of the minutes of each meeting shall be circulated to every member of the Board.
- c. The minutes are to be signed by the Chairman at the next succeeding meeting. Any minutes signed by the Chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts stated therein.
- d. The minutes of the RC shall be kept by the Secretary to the RC at the registered office of the Bank and shall be opened to inspection of the Board at any time.

### 5.4 Quorum

At least half of the number of the RC Members shall form a quorum.

### 5.5 Decisions

- a. Any decision to be taken by the RC or questions arising at any meeting shall be determined by a majority of votes of the Members present and in the case of an equality of votes, the Chairman shall have a second or casting vote.
- b. A member of the RC shall abstain from participating in discussions and decisions on matters involving himself/herself.

- c. A RC member, who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the RC meeting where the material transaction or material arrangement is being deliberated by the RC.

## **6 CIRCULAR RESOLUTIONS**

6.1 A resolution in writing signed by a majority of Members shall be as valid and effectual as if it had been passed at a meeting of the RC duly convened and held. Any such resolution may be contained in a single document or may consist of several documents in like form, each signed by one or more Members.

6.2 For the purpose of this provision, “in writing” and “signed” include approval by facsimile.

## **7 OTHERS**

The RC may regulate and amend the provisions relating to its own procedures in particular the calling of the meetings, notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

**HONG LEONG BANK BERHAD  
&  
HONG LEONG ISLAMIC BANK BERHAD**

**BOARD INFORMATION AND  
TECHNOLOGY COMMITTEE  
TERMS OF REFERENCE**

---

## CONSTITUTION

The Board Information and Technology Committee (“BITC”) is established to jointly support the Boards of HLBB and HLISB (“the Bank”) in discharging the following responsibilities:

1. Oversee technology and cyber security related matters.
2. Ensure that risks assessments undertaken in relation to material technology applications are robust and comprehensive.
3. Ensure that management meets the expectations on technology and cyber security risk management as set out in BNM’s policy document on Risk Management in Technology.

## COMPOSITION

The BITC shall:

- (a) have at least three directors;
- (b) be chaired by a non-executive director;
- (c) have membership representation from both HLBB and HLISB; and
- (d) comprise at least one member with the skills, knowledge and experience relevant to the responsibilities of this board committee.

## SECRETARY

The Secretariat to the BITC is the Company Secretary(ies) of the Bank.

## TERMS OF REFERENCE

1. To review management’s strategies relating to technology and cyber security and their alignment to the Group’s overall strategy, objectives and risk appetite.
2. To ensure that the Bank’s technology risk appetite is aligned to the Group’s overall risk appetite statement.
3. To review the adequacy of management’s information technology and cyber security strategic plans over a three year period and periodically review these plans at least once every year.
4. To oversee management’s implementation of sound and robust technology-related frameworks, encompassing technology risk management and cyber resilience.
5. To ensure that the Bank’s technology-related frameworks encompassing technology risk management and cyber resilience, remains relevant on an ongoing basis.
6. To review the Bank’s technology-related frameworks encompassing technology risk management and cyber resilience at least once every three years, for the Boards’ affirmation.

- 
7. To review management's reporting to the Boards on measures taken to:
    - (a) Identify and examine technology risk (including cyber risk) faced by the Bank;
    - (b) Ensure strategies are in place to safeguard the Bank against current and emerging technology and/or cyber risks;
    - (c) Assess effectiveness of controls put in place to manage these risks; and
    - (d) Conduct appropriate and timely closure of IT audit findings.
  8. To review and ensure that management provides sufficient detailed information on key technology risk and critical technology operations to facilitate strategic decision-making. This includes reporting enterprise key risk indicators on the IT and cyber health posture.
  9. To review and report to the Boards on emerging global technology trends and their potential application within the Bank, to either enhance the business operations, safeguard existing businesses or improve overall technology security.
  10. To review post implementation reports of key technology projects to ensure that results are aligned to the risk posture stipulated in the initial project request.
  11. To review and report to the Boards on the strategic benchmarking of technology performance against external peer groups from time to time.
  12. To review the effectiveness of disaster recovery plans and disaster recovery testing to ensure high system resilience of technology systems, datacentres etc.
  13. To review and ensure adequacy of cyber security investments and that its associated roadmap for implementation is acceptable.
  14. Other technology and cyber security related matters as may be agreed by the Board.

### **Group Governance**

1. Noted that:
  - (a) The Bank, as a company with licensed subsidiary companies has overall responsibility for ensuring the establishment and operation of a clear governance structure within its subsidiaries ("Bank Group").
  - (b) The Board's responsibility is to promote the adoption of sound corporate governance principles throughout the Bank Group.
  - (c) The Bank's IT related functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation within the Bank Group.

- 
- (d) The respective subsidiaries' board and senior management must validate that the objectives, strategies, plans, governance framework and policies set at the Bank level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific issues are adequately addressed in the implementation of Bank Group policies.

## **AUTHORITY**

BITC is authorized by the Board to review any technology related activities of the Group within its terms of reference. It is authorized to seek any technology related information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the BITC.

The BITC is authorized by the Board to obtain independent legal or other professional advice if it considers it necessary to perform the duties delegated by the Board to this committee.

## **MEETINGS**

The BITC meets at least four (4) times a year and additional meetings may be called at any time as and when necessary.

The Group Managing Director/Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Internal Audit, Chief Compliance Officer, Chief Information Security Officer, Head of Group Operations and Technology, Chief IT Officer, other senior management and external auditors may be invited to attend the BITC meetings, whenever required.

Issues raised, as well as discussions, deliberations, decisions and conclusions made at the BITC meetings are recorded in the minutes of the BITC meetings. A BITC member who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the BITC meeting where the material transaction or material arrangement is being deliberated by the BITC.

Two (2) members of the BITC shall constitute a quorum.

After each BITC meeting, the BITC shall report and update the Board on significant technology related issues and concerns discussed during the BITC meetings and where appropriate, make the necessary recommendations to the Board for its deliberation and approval.

The minutes of each BITC meeting shall be tabled to the Board of Directors of HLBB and HLISB.

---

## **REVISION OF THE TERMS OF REFERENCE**

Any revision or amendment to the Terms of Reference, as proposed by the BITC, shall be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference which shall be considered duly revised or amended.